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SUBJECT: LESOTHO: POWER PROBLEMS BELIE EARLY ELECTRICITY CONFIDENCE

REF: Maseru 41

11. SUMMARY: Although Lesotho officials confidently predicted early in the year that domestic hydropower production would shield the country from the South African electricity crisis (reftel), an early arrival of winter has hastened seasonal electricity needs and demonstrated that Lesotho's power grid is highly vulnerable. Lesotho, which generates roughly 90% of its own electricity during summer months, was not initially hard hit when ESKOM, South Africa's electricity utility, cut back on its supply to neighboring countries. As temperatures dropped, however, rising demand has forced the Lesotho Electricity Company (LEC) to introduce load shedding, random brownouts, and price increases. The LEC's current measures are disruptive to many residential consumers, but signs point to even more difficult times for all end-users before the end of the winter.
END SUMMARY.

Lesotho Joins Neighbors in Rolling Brownouts

12. Several months ago, representatives of the Lesotho Electricity Company (LEC) confidently predicted that their domestic hydropower production would shield them from the South African electricity crisis (reftel). However, an early arrival of winter has hastened seasonal electricity needs and demonstrated that Lesotho's power grid is highly vulnerable. The Muela Dam hydropower facility produces 78 megawatts of electricity, while Lesotho's maximum electrical load fluctuates between 90 megawatts in the summer and 110 megawatts in the winter -- an increase of about 20%. This seasonal increase, which has arrived about a month earlier than normal, combined with ESKOM reductions, has led the LEC to introduce scheduled load shedding, random brownouts, and rate increases designed specifically to reduce demand.

13. On April 1, the Lesotho Electricity Company (LEC) began "load shedding" nationwide to balance the supply/demand imbalance on the country's electrical grid. On April 14, LEC publically released a "load shedding" schedule which announced which communities would lose power on an alternating basis. The LEC management also publically warned that the nation's electricity grid continues to be unstable and additional unscheduled brownouts may be necessary. An early arrival of winter cold fronts, including an April 20 snowstorm in the highlands, has led to unscheduled power cuts, wreaking havoc on end-users.

Electricity Rates Hiked to Curb Demand

14. As of April 1, the Lesotho Electricity Authority (LEA) implemented new rates designed to curb electricity consumption. The LEA raised the price of electricity for residential

customers and street lighting by 12%, and the rates for industrial users by 8.7%. This pricing move was substantially less than the 40% increase requested by the national utility.

Is the Worst Yet To Come?

15. COMMENT: The LEC's confidence in the reliability of its power provision, in the face of curtailed imports from South Africa, appears significantly short sighted. Even more severe measures are likely needed to bring balance to Lesotho's power consumption and supply. In terms of electricity, it looks like it will be a rough winter in Lesotho. END COMMENT.

NOLAN